

State of South Carolina Treasurer's Office



Curtis M. Loftis, Jr.

South Carolina State Treasurer



Opportunities with the Local Government Investment Pool



State of South Carolina Treasurer's Office Staff



Karen Rinehart

- Accounting Manager (803)734-2661
karen.rinehart@sto.sc.gov

Kim Parris

- Operations Manager (803)734-2643
kimberly.parris@sto.sc.gov

J. West Summers

- Director of Investments Management (803)734-2641
west.summers@sto.sc.gov





Investment Division Mission Statement

Provide professional portfolio management and investment services to the State, its agencies and any political entity in the State through efficient, effective utilization of resources.





Local Government Investment Pool

- LGIP is an investment mechanism authorized by the Legislature and signed into law on May 13, 1983, to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions.





Local Government Investment Pool

- The State Treasurer may sell participation units in the pool to all political subdivisions of the State. These units shall be legal investments for the subdivisions in addition to the investments and deposits authorized in Section 6-6-10, Section 12-45-220 and Section 11-1-60 of the 1976 Code of Laws of South Carolina.



Local Government Investment Pool

- The program has experienced growth in the number of participants since its inception. As of December 2015, the Pool's balance was approximately \$4.1 billion with 254 participants which totals to 617 accounts.



Local Government Investment Pool

- The Pool currently offers two investment options:
 - The most commonly used pool participation provides a daily variable rate based on net earnings for that day and is credited at month end.
 - The second option can be exercised if an entity has a large sum of money available for a set period of time and would like a commitment on a predetermined fixed rate. This option may not be favorable in certain market conditions e.g. in the rising rate environment.



State of South Carolina Treasurer's Office



Eligible Participants in LGIP

- Counties
- Municipalities
- School Districts
- Special Purpose Districts
- Other Political Subdivisions



State of South Carolina Treasurer's Office



LGIP Features

- Created in 1983 by General Assembly
- Participation units valued at \$1.00
- Interest earnings accrue daily and are distributed at the end of the month
- Statements mailed monthly by the 7th business day (IPAS participants have online reporting capability)
- Minimal administrative fee (built into the daily rate)



State of South Carolina Treasurer's Office

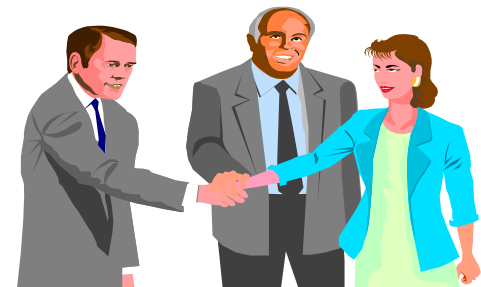


Opening an Account

- Requires Authorizing Resolution by governing body (Resolution of Consent)
- Application form and consent form can be found on our website at:

<http://www.treasurer.sc.gov/government/local-government-investment-pool>

- Minimum balance of \$1,000 per account



State of South Carolina Treasurer's Office



Deposits

- Fax Fund Deposit/Withdrawal Request Form (non IPAS participants)
- On-line Deposit/Withdrawal Request (IPAS participants)
- Notify STO by telephone of incoming wires
- Wired funds must be confirmed with a Fed Reference Number or Bank Confirmation by noon to be credited the same day



State of South Carolina Treasurer's Office



Withdrawals

- Requires a minimum of 24 hours notice
- Fax Fund Deposit/Withdrawal Request Form(non IPAS participants)
- On-line Deposit/Withdrawal Request (IPAS participants)
- Confirm receipt of withdrawal request by phone after it has been faxed



State of South Carolina Treasurer's Office



Rate Options

- Daily Rate
 - Rate varies and accrues daily with interest credited at the end of the month
- Fixed Rate
 - Rate is fixed for a specified term at the option of the local government

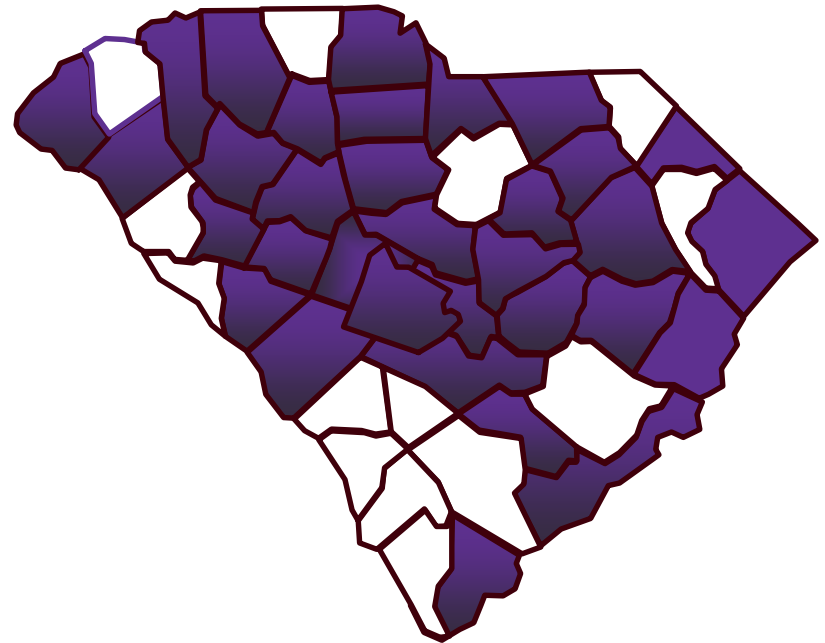


State of South Carolina Treasurer's Office



Participating Counties

- ▶ Aiken
- ▶ Anderson
- ▶ Beaufort
- ▶ Calhoun
- ▶ Charleston
- ▶ Chester
- ▶ Chesterfield
- ▶ Clarendon
- ▶ Darlington
- ▶ Dillon
- ▶ Dorchester
- ▶ Edgefield
- ▶ Fairfield
- ▶ Florence
- ▶ Georgetown
- ▶ Greenville
- ▶ Greenwood
- ▶ Horry
- ▶ Lancaster
- ▶ Laurens
- ▶ Lee
- ▶ Lexington
- ▶ Newberry
- ▶ Oconee
- ▶ Orangeburg
- ▶ Richland
- ▶ Saluda
- ▶ Spartanburg
- ▶ Sumter
- ▶ Union
- ▶ Williamsburg
- ▶ York

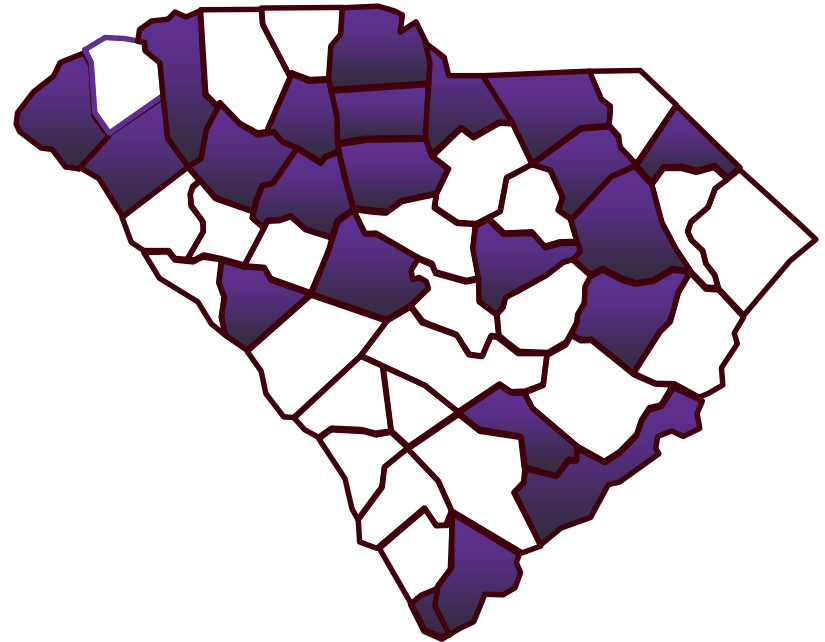


State of South Carolina Treasurer's Office



School Districts (Participating in Education Check Deposits)

- ▶ Anderson
- ▶ Beaufort
- ▶ Charleston
- ▶ Chester
- ▶ Chesterfield
- ▶ Darlington
- ▶ Dillon
- ▶ Dorchester
- ▶ Edgefield
- ▶ Fairfield
- ▶ Florence
- ▶ Greenville
- ▶ Lancaster
- ▶ Laurens
- ▶ Lexington
- ▶ Newberry
- ▶ Oconee
- ▶ Sumter
- ▶ Union
- ▶ Williamsburg
- ▶ York



State of South Carolina Treasurer's Office



LGIP Education Accounts

- ▶ Anderson County Treasurer (School Districts 1, 2, 3, 4, and 5, Board of Education, Districts 1 & 2 Career & Tech Centers)
- ▶ Charleston County Treasurer
- ▶ Chester County Treasurer
- ▶ Chesterfield County Treasurer
- ▶ Darlington County Treasurer
- ▶ Dillon Districts 1, 2, 3
- ▶ Dorchester County Treasurer
- ▶ Edgefield County Treasurer
- ▶ Fairfield County Treasurer
- ▶ Florence County Treasurer (School Districts 1, 2, 3, 4, and 5)
- ▶ Greenville County Treasurer
- ▶ Lancaster County Treasurer
- ▶ Laurens County Treasurer (School Districts 3055 and 3056)
- ▶ Lexington County Treasurer (School Districts 1, 2, 3, 4, and 5)
- ▶ Newberry County Treasurer
- ▶ Oconee County Treasurer
- ▶ Sumter County Treasurer (School Districts 2 and 17)
- ▶ Union County Treasurer
- ▶ Williamsburg County Treasurer
- ▶ York County Treasurer (York S/D 1, Rock Hill S/D 3, and Fort Mill S/D 4)



State of South Carolina Treasurer's Office



"S.L.Y."

- ❖ Safety
- ❖ Liquidity
- ❖ Yield



State of South Carolina Treasurer's Office



Safety

- Define Risks
 - Credit Risk - probability of default. Invest principally in higher rated credits; Treasuries & Agencies
 - Interest Rate Risk – anticipated changes in the level of interest rates.
- Tend to take more interest rate risk by extending in maturity. Ultimately, we'll be paid back.



State of South Carolina Treasurer's Office



Authorized Investments (Section 11-9-660)

- Obligations of US Government (Treasuries)
- Obligations of US Government Agencies
- Repurchase Agreements Fully Collateralized by Treasuries or Agencies
- Corporate Securities
- Commercial Paper



State of South Carolina Treasurer's Office



Liquidity

- Foundation of our approach to managing the LGIP is “Cash flow analysis”
- Determine your net flows over the time horizon of the fund
- Structure your fund to meet the obligations of your cash flow (i.e. 35% of your fund turns over in one month; 35% or greater of your fund should mature in that time period).



State of South Carolina Treasurer's Office



Yield

- Tertiary consideration behind safety and liquidity, but if we've done our homework on safety and liquidity, we'll be compensated with a higher yielding portfolio.



State of South Carolina Treasurer's Office



Value Added

- Actively but conservatively manage our credit exposure to ensure the portfolio is of the highest quality
- Actively manage yield curve exposure to take advantage of “roll-down” opportunities
- Actively execute extension swaps to monetize any price appreciation gained through lower yields



State of South Carolina Treasurer's Office



General Information

- Our web site contains general LGIP information, including participation guidelines and printable forms, which can be found at:

<http://www.treasurer.sc.gov/government/local-government-investment-pool>

- IPAS (Internet Participant Access System) users have the ability to initiate transactions on-line, as well as on-line reporting capabilities, much like on-line banking. IPAS participation is encouraged for efficiency purposes.
- Funds transfer via wire requiring withdrawal requests by 12:00 pm the prior day



State of South Carolina Treasurer's Office



Questions or Feedback?

Please don't hesitate to contact Karen Rinehart at (803) 734-2661 or Kim Parris at (803) 734-2643

